

Message Text

UNCLASSIFIED

PAGE 01 VIENNA 10619 231246Z

53

ACTION IO-10

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 PA-02 PRS-01

USIA-15 SIL-01 LAB-04 COME-00 AF-06 ARA-10 EA-09

NEA-10 /139 W

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TO SECSTATE WASHDC 7431

INFO USUN NEW YORK 3286

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E.O. 11652: N/A

TAGS: UNIDO, PFOR, OCON, EAID, EIND

SUBJECT: UNDIO PC-VI; CONCLUSION OF AGENDA ITEM 4(B),
DELEGATION REPORT #9

REF: (A) VIENNA 10214, (B) VIENNA 10196

1. SUMMARY: AT REQUEST OF CHAIRMAN GROUP B (VON SCHENK-SWITZERLAND) AGENDA ITEM 4(B) WAS HELD OPEN FOR FURTHER DISCUSSION PENDING REVIEW OF P/B DOCUMENT AND CONSIDERATION OF EXDIR'S REPLY TO CRITICISM OF "INFORMATION GAP" BETWEEN SECRETARIAT AND VIENNA MISSIONS (SEE REF A). DISCUSSION OF ITEM WAS CONCLUDED FINAL DAY OF PC-VI WITH INTERVENTION BY VON SCHENK ON PROBLEM OF "TRANSPARENCY" OF SECRETARIAT, IMPORTANT SUBSTANTIVE COMMENTS BY USDEL ON P/B AND RESPONSE BY SECRETARIAT TO QUESTIONS RAISED BY DISCUSSION OF P/B. END SUMMARY.

2. CONSIDERATION OF ITEM 4(B) WAS REOPENED ON AFTERNOON DEC. 9 WITH INTERVENTION BY SWITZERLAND (VON SCHENK), SPEAKING AS CHAIRMAN GP B, DIRECTED TO EXDIR'S REPLY TO UNCLASSIFIED

UNCLASSIFIED

PAGE 02 VIENNA 10619 231246Z

CRITICISM OF LACK OF DIALOGUE BETWEEN SECRETARIAT AND

MEMBERS. IN TONES CAREFULLY CALCULATED TO BE BOTH POINTED AND CONSTRUCTIVE, VON SCHENK PRAISED EXDIR FOR HIS INTEGRITY AND PERSONAL DEVOTION TO UNIDO, EXPRESSED FULL CONFIDENCE IN THE DEVELOPMENT OF POSITIVE AND CONSTRUCTIVE COOPERATION BETWEEN THE SECRETARIAT AND VIENNA MISSIONS, AND STRESSED THE LATTERS EXPECTATIONS OF NUMEROUS OPPORTUNITIES TO EXPRESS THEIR VIEWS IN CONSULTATION WITH EXDIR. VON SCHENK RECALLED THAT THIS VIEW HAD BEEN EXPRESSED TO EXDIR BY GROUP B AS RECENTLY AS OCTOBER 1, AND CONCLUDED BY MENTIONING HIS CONTINUED OPTIMISM ABOUT THE OPENNESS OF THE SECRETARIAT IN RECEIVING MEMBERS VIEWS.

3. US (SCHUWEILER) IN SUBSTANTIVE EVALUATION OF UNIDO P/B, SPOKE IN CONCILIATORY VEIN THAT HAD CHARACTERIZED EARLIER US INTERVENTIONS ON OTHER AGENDA ITEMS. HE EXPRESSED SATISFACTION OF US WITH SOME ASPECTS OF P/B, PRAISED EXDIR'S INITIATIVE IN RESTRUCTURING UNIDIO AND EXPRESSED CONTINUED CONFIDENCE IN AND SUPPORT FOR HIS EFFORTS. HE OBSERVED, HOWEVER, THAT P/B LEFT UNCLEAR HOW RESPONSIVE SECRETARIAT WAS BEING TO PRIORITY NEEDS OF LDC'S, SINCE P/B IN CURRENT FORM GAVE IMPRESSION OF CONSISTING OF ARRAY OF UNCOORDINATED PROJECTS. HE WAS UNABLE TO FIND IN THE P/B A CLEAR, WELL-ORDERED PROGRAM DESIGNED TO TREAT OF BASIC INDUSTRIAL PROBLEMS OF THE LDC'S WHICH HE DEFINED AS:

(A) PROMOTION OF INFANT INDUSTRIES,

(B) ESTABLISHING AGRICULTURAL/INDUSTRIAL AND RURAL/ URBAN LINKS,

(C) GENERATING INDUSTRIAL EMPLOYMENT OPPORTUNITIES,

(D) ENCOURAGING THE MOST ECONOMIC MIX OF INDUSTRIAL PRODUCTS, AND

(E) PROMOTING PATTERNS OF GROWTH LEADING TO WIDER, MORE EQUITABLE PATTERNS OF INCOME DISTRIBUTION. US REP EXPRESSED UNDERSTANDING OF INABILITY OF UNCLASSIFIED

UNCLASSIFIED

PAGE 03 VIENNA 10619 231246Z

SECRETARIAT, IN SHORT TIME SINCE END OF LIMA CONFERENCE, FULLY DIGEST ITS WIDER MANDATE AND PREPARE P/B ACCORDINGLY, BUT POINTED OUT THAT UNIDO HAS BEEN CALLED UPON TO PLAY A NEW AND SPECIAL ROLE, BEYOND THAT OF EXECUTING AGENT FOR UNDP, WHICH SHOULD BE REFLECTED IN P/B. US REP CALLED FOR FLEXIBILITY ON PART OF EXDIR, SUBJECT, WHEN POSSIBLE AND APPROPRIATE, TO APPROVAL BY THE IDB, IN MAKING CHANGES

TO P/B AS PRIORITY NEEDS OF LDC'S BECOME CLEAR. HE ASKED EXDIR TO GIVE HIS OWN VIEWS OF THE PRIORITY PROBLEMS UNIDO SHOULD BE DEALING WITH, AND HOW THESE FIT INTO THE CURRENT P/B.

4. IN CONTINUING DISCUSSION OF ITEM 4(B) ON DEC. 10, USSR (EROFEEV) COMPLAINED OF THE LATE RECEIPT OF THE P/B BY DELEGATIONS, WHICH HAD HAMPERED ANALYSIS OF DOCUMENT. ON THE RESTRUCTURING OF UNIDO, HE BELIEVED THAT THE WORK OF FIELD CONSULTANTS COULD ONLY BE EFFECTIVELY MONITORED IF THEIR REPORTS WERE REVIEWED BY RELEVANT SECTIONS OF THE INDUSTRIAL OPERATIONS DIVISION, RATHER THAN BY THE OFFICE OF THE EXDIR. HE COMPLAINED THAT, IN THE TRANSFER OF TECHNOLOGY, UNIDO'S PRESENT CLEARING-HOUSE FUNCTION WOULD BE REDUCED TO A LIBRARY SERVICE AND ASKED WHERE THE TRANSFER OF TECHNOLOGY ROLE WOULD BE CARRIED OUT IN THE NEW STRUCTURE. MALAYSIA (LIM) EXPRESSED FEAR THAT ABOLISHMENT OF THE SMALL-SCALE INDUSTRIES SECTION IMPLIED A LESSENING OF UNIDO ACTIVITIES IN THIS FIELD AND ASKED HOW IMPLEMENTATION OF SMALL-SCALE PROJECTS WOULD FIT IN THE NEW UNIDO STRUCTURE. SHE WISHED TO KNOW WHERE COUNTRY-LEVEL COORDINATION WOULD BE CARRIED OUT AFTER THE DISSOLUTION OF THE TECHNICAL COOPERATION DIVISION.

5. IN REPLY TO QUESTIONS RAISED ON ITEM 4(B), EXDIR POINTED OUT THAT CENTER FOR INDUSTRIAL STUDIES WOULD TAKE OVER CLEARING-HOUSE FUNCTION ON TRANSFER OF TECHNOLOGY AND THERE WAS NO INTENTION OF REDUCING THAT FUNCTION. ON THE MONITORING OF FIELD REPORTS, THAT FUNCTION HAD BEEN PLACED IN EXDIR'S OFFICE SO THAT HE COULD BE KEPT PERSONALLY INFORMED

UNCLASSIFIED

PAGE 04 VIENNA 10619 231246Z

OF ANY DELAYS OR PROBLEMS IN IMPLEMENTATION AT THE COUNTRY LEVEL. EXDIR'S OFFICE WOULD ENSURE THAT COPIES WERE DISTRIBUTED TO APPROPRIATE OFFICES OF UNIDO PARTICULARLY THE CENTER OF INDUSTRIAL STUDIES FOR INCORPORATION INTO ITS WORK. ON QUESTION OF COORDINATION AT COUNTRY LEVEL, EXDIR EXPLAINED THAT COUNTRY PLANNING AND SIMILAR ACTIVITIES WOULD BE CARRIED OUT IN PLANNING, PROGRAMMING AND EVALUATION SECTION, WHILE COORDINATION IN FIELD WOULD BE CARRIED OUT BY UNDP RES REP WITH ASSISTANCE OF SIDFA OR UNIDO PROJECT MANAGER. ON SMALL-SCALE INDUSTRIES ACTIVITIES, EXDIR HELD THAT ABSENCE OF SMALL-SCALE INDUSTRIES SECTION IN REORGANIZED UNIDO DID NOT IMPLY DEEMPHASIS ON THAT ACTIVITY. NEW P/B SHIFTED ALLOCATION OF PROJECTS WITHIN UNIDO ACCORDING TO SUBSTANCE OF

PROJECT, NOT SIZE OF PROJECT OR SIZE OF INDUSTRY IN RECIPIENT COUNTRY. EXDIR THEN CALLED UPON CHIEF OF NEW REGIONAL AND COUNTRY STUDIES SECTION (LIGTHART-NETH) TO REPLY TO QUESTION RAISED BY US REP. LIGTHART THOUGHT THAT POINTS RAISED BY US REP WERE EXACTLY THOSE WHICH MUST BE TAKEN UP BY NEW CENTER FOR INDUSTRIAL STUDIES. HE HOPED THAT THE CENTER'S WORK WOULD RESULT IN BROADLY-BASED ADVICE TO MEMBER STATES, BUT NOTED THAT UNIDO HAS RARELY BEEN ABLE TO, OR BEEN ASKED TO, INFLUENCE COUNTRY DEVELOPMENT FRAMEWORKS IN WHICH PROGRAMS ARE SET OUT. HE HOPED THAT UNIDO WOULD BE MORE EFFECTIVE, THROUGH THE WORK OF THE CENTER, BY AFFECTING POLICIES AT THE COUNTRY LEVEL AND BY EQUIPPING MEMBERS TO MAKE RATIONAL CHOICES WITHIN THE UNDP FRAMEWORK.

6. US (SCHUWEILER) AGREED THAT UNIDO MUST BE RESPONSIVE TO HOST COUNTRY DESIRES, BUT REJECTED NOTION THAT UNIDO COULD NOT TAKE INITIATIVES IN VIEW OF NEW MANDATE. EVEN WITH NEW MANDATE, HOWEVER, UNIDO WOULD BE UNABLE UNDERTAKE ITS WIDER ADVISORY ROLE UNLESS IT DEVELOPES ANALYTICAL PLANNING ASSISTANCE SKILLS IT NOW LACKS. US IS WILLING TO ASSIST UNIDO DEVELOP THIS CAPACITY, BASED ON CONSTRUCTIVE DIALOGUE BETWEEN MEMBER GOV'TS AND SECRETARIAT. US REP POINTED OUT THAT CENTER FOR INDUSTRIAL STUDIES FACED THE

UNCLASSIFIED

PAGE 05 VIENNA 10619 231246Z

DANGER OF BECOMING TOO THEORETICAL AND NOTED THAT A GREAT DEAL OF RESEARCH OF POTENTIAL BENEFIT TO UNIDO HAD ALREADY BEEN DONE. HE BELIEVED THAT UNIDO SHOULD DEVELOP SPECIAL EXPERTISE TO CONSTRUCT COUNTRY-SPECIFIC STRATEGIES WITH ALTERNATE COST/BENEFIT ANALYSES AND URGED THAT UNIDO BEGIN INTENSIVE RECRUITMENT OF THE REQUIRED SPECIALIZED PERSONNEL.

7. EXDIR EXPRESSED GRATITUDE FOR US STATEMENT AND HIS COMPLETE AGREEMENT WITH IT. HE HOPED WITHIN THE NEXT TWO YEARS TO EQUIP THE CENTER FOR INDUSTRIAL STUDIES WITH THE KIND OF EXPERTIZE CALLED FOR BY US DEL. PC-VI WAS CONCLUDED ON AFTERNOON OF DEC. 10 AFTER BRIEF REMARKS BY CHAIRMAN (ANINOIU-ROMANIA), AND INTER ALIA BY FAREWELLS TO QUIJANO-CABALLERO, WHO IS MOVING TO GENEVA TO BECOME DIRECTOR OF EXTERNAL RELATIONS IN WINSPEAR'S OFFICE. STIBRAVY

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